



# ***Defense Overview***

***13 June 2007***

- **Size of the Enterprise:**
  - 1.4 Million Active Duty Men and Women
  - 709,000 Civilian Employees
  - 1.3 Million National Guard and Reserve Members
  - ~2 Million Retirees and Other Beneficiaries
- **Work of the Enterprise:**
  - 145.3 Million Pay Transactions Processed in Calendar Year 2006 for Nearly 6 Million People
  - 57 Million General Ledger Transactions Posted
  - 13.8 Million Commercial Invoices Processed
  - 7 Million Travel Payments Processed
  - \$255 Billion in Military Retirement and Health Benefit Funds Managed

Source: Office of the Undersecretary of Defense (Comptroller)  
Data as of 2007, "Work of the Enterprise" Data as of 2005

# Wide Array of Security Challenges...



21st Century Essential NBC Reference Series

## BIOLOGICAL WEAPONS

Use of Biological We

Anthrax \* Plague \* Tularemia

Brucellosis \* Q F

Excerpted from *MEDICAL ASPECTS OF C*

ESSENTIAL NBC REFERENCE SER  
BIOLOGICAL, CHEMICAL, RADIATION  
GERM WARFARE, HOMELAND SEC  
DATA, WEAPONS OF MASS DESTRU





# Afghanistan and Iraq: Top Operational Priorities





# *Finding the Right Balance...*

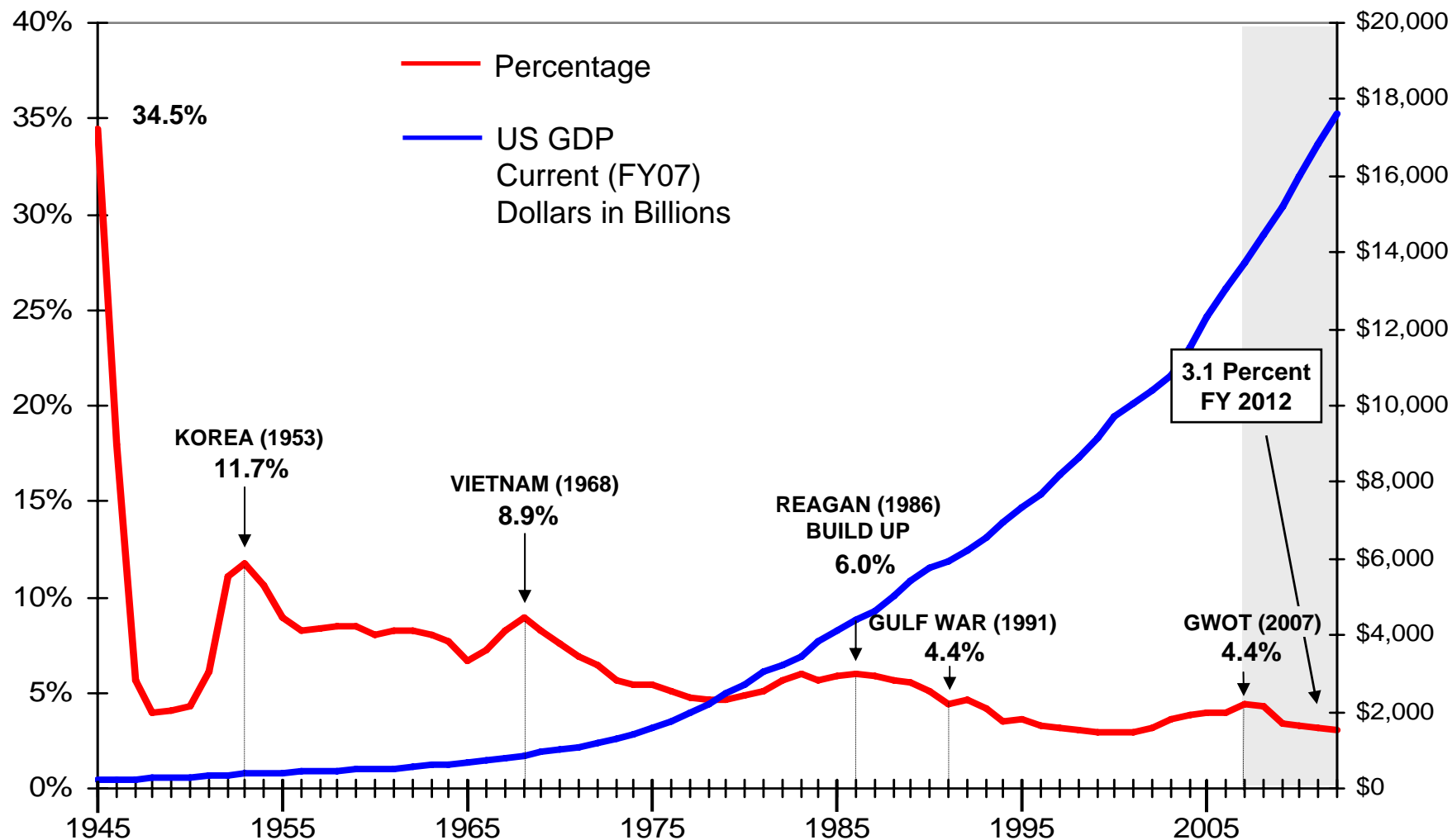


# *Ultimately It's About Appropriated Dollars...*



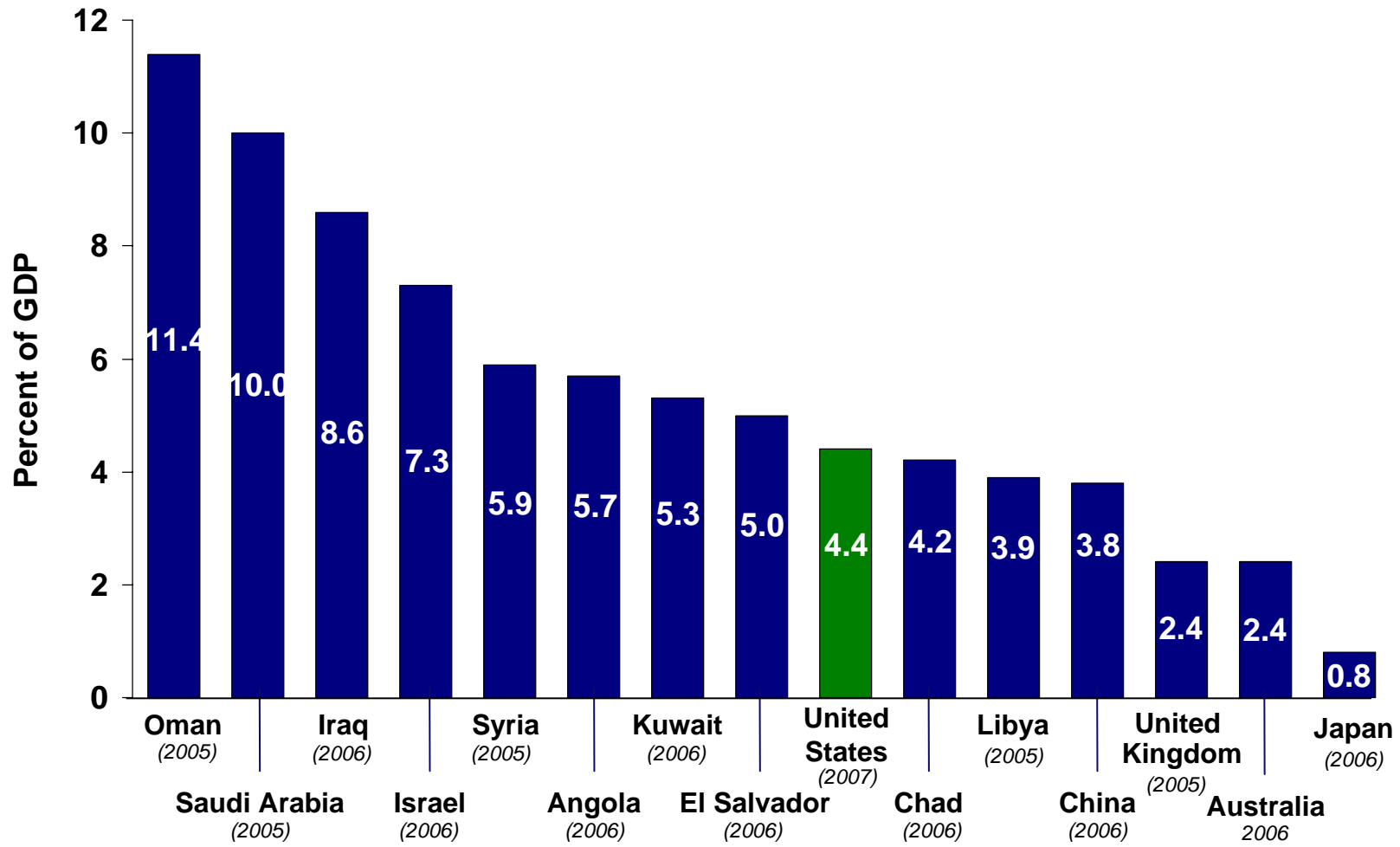
# Defense Budget as Percent of GDP

From 1945 to 2011



Source: Historical Table, Budget of the United States Government, 2007.

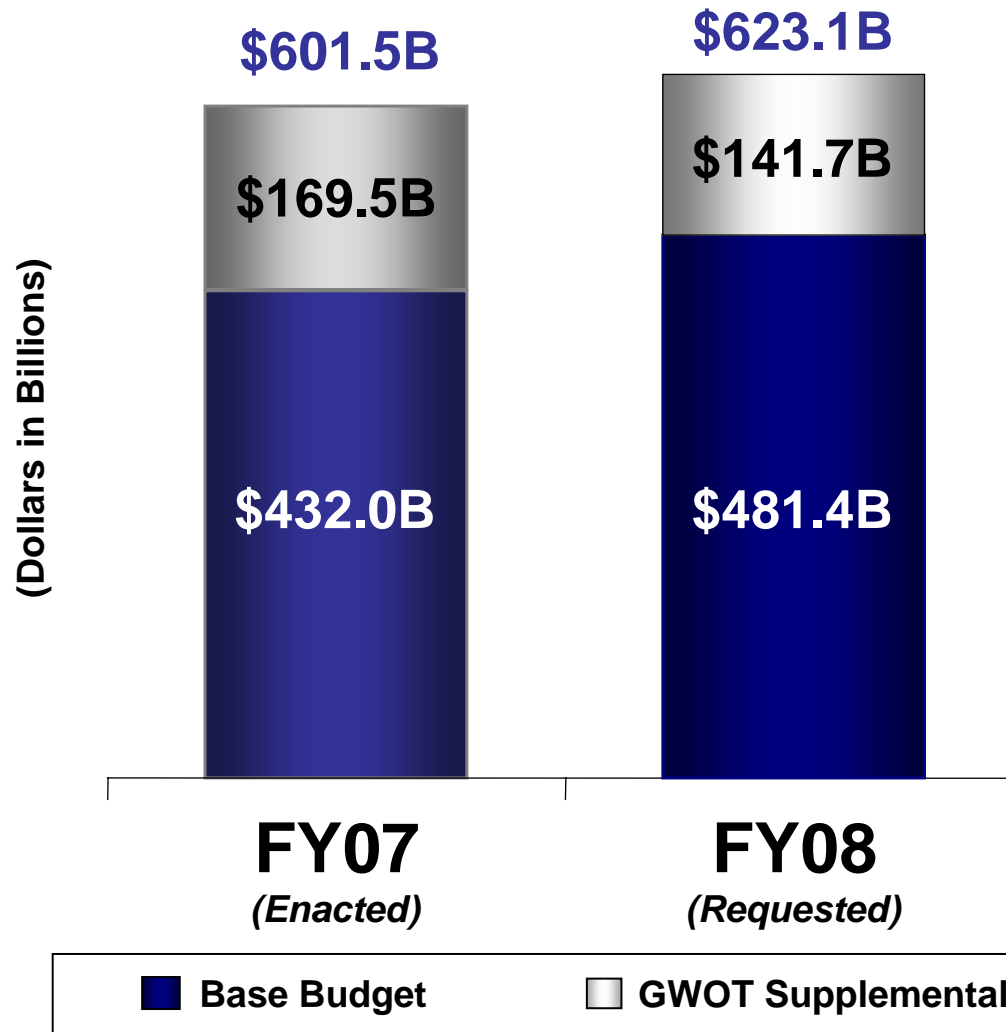
# *Rough Comparison: Defense Spending as % of GDP*



Source: CIA World Factbook; Historical Table, Budget of the United States Government, 2007.



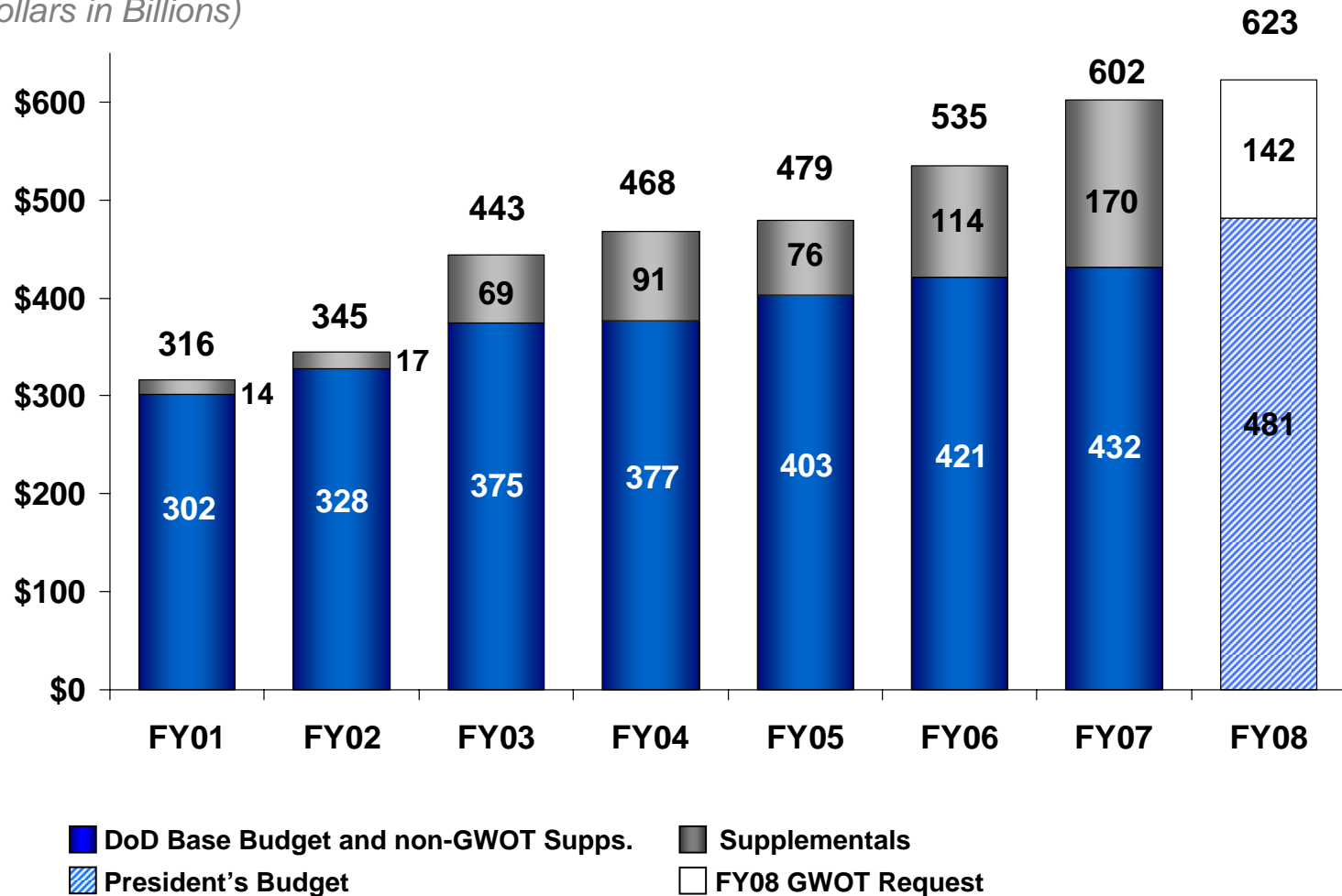
# Defense Budget



Source: Defense Appropriation Act and Emergency Supplemental Appropriation FY 2007 and FY 2008 DoD Budget Request

# Defense Spending Over Time: Looking Back

(Dollars in Billions)

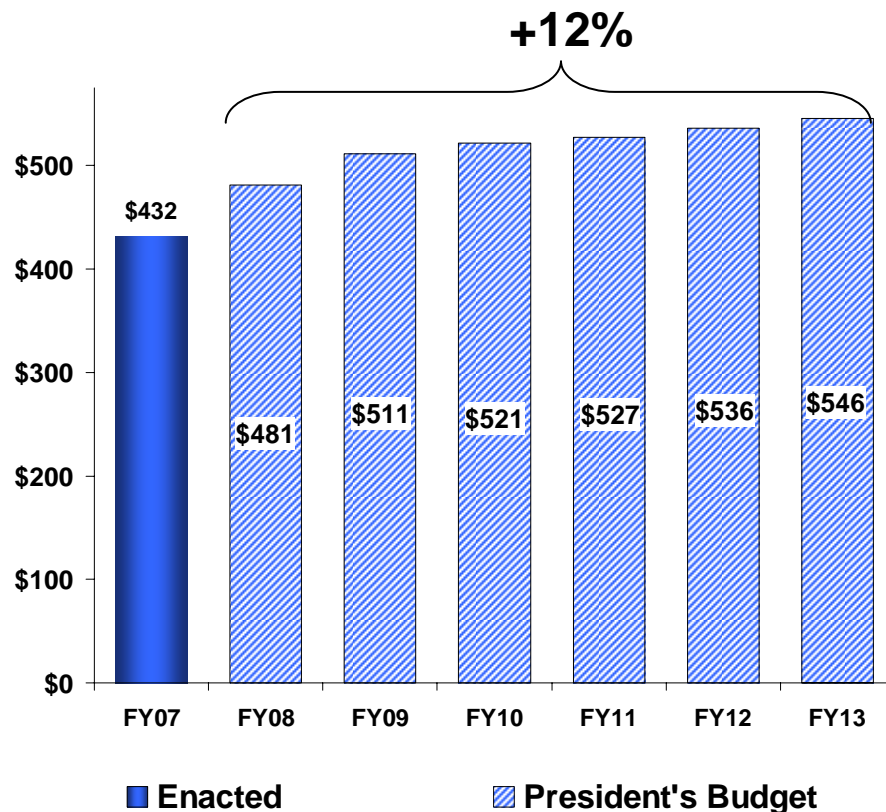


Source: National Defense Budget Estimates for FY 2007, Table 1-9

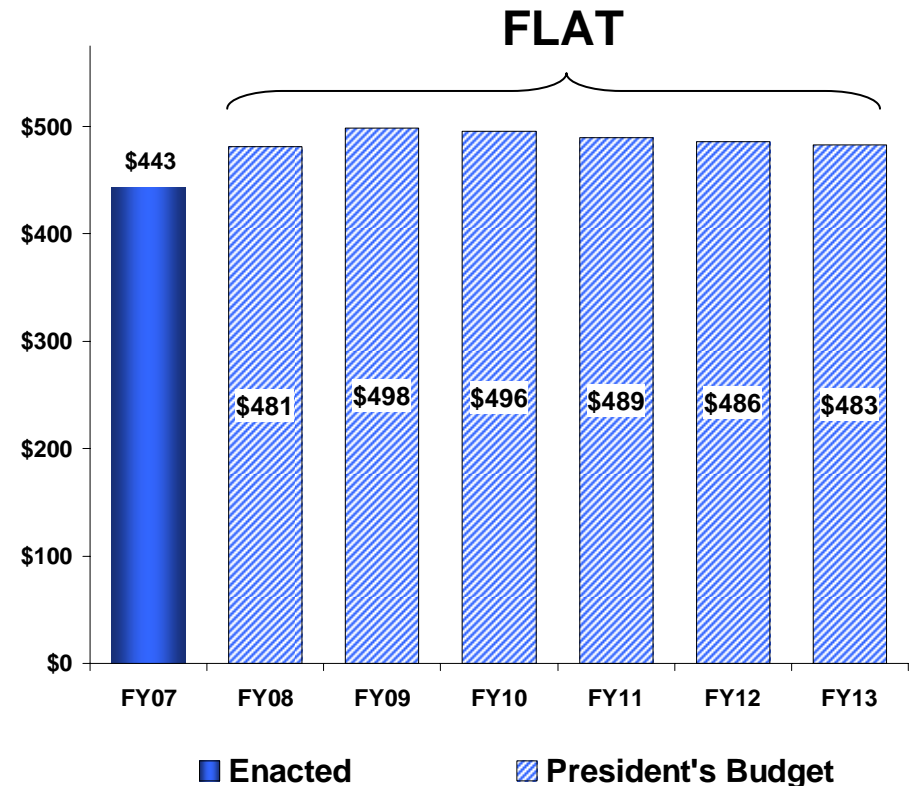
# Defense Spending Over Time: Looking Forward

(Dollars in Billions)

***In current dollars:***



***In constant FY08 dollars:***

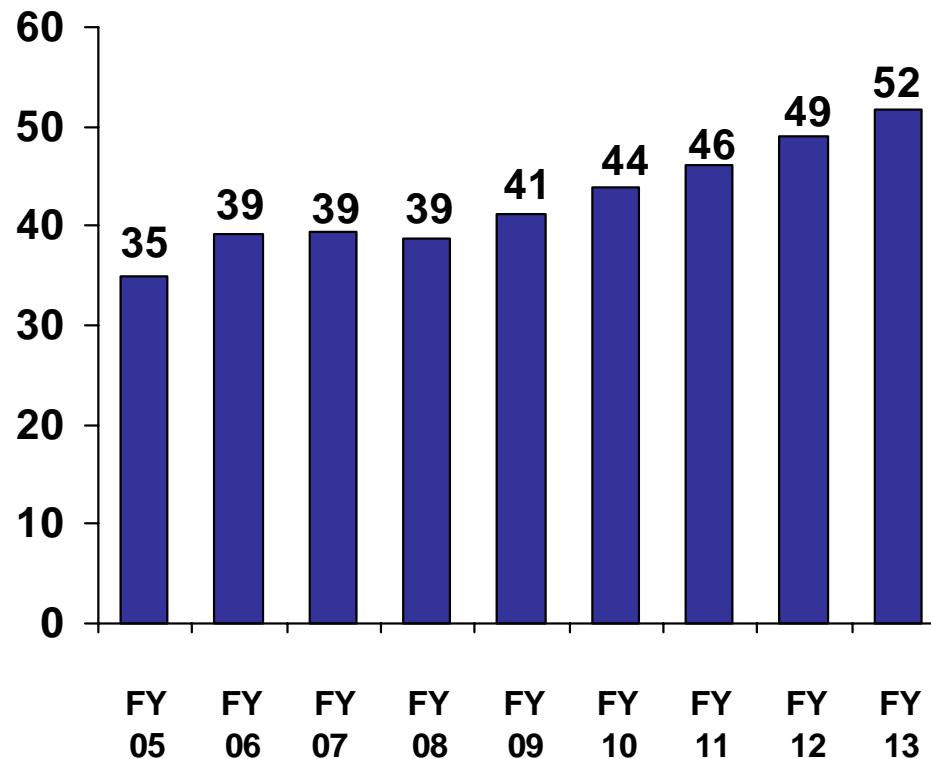


*Note: Does not include Supplementals*



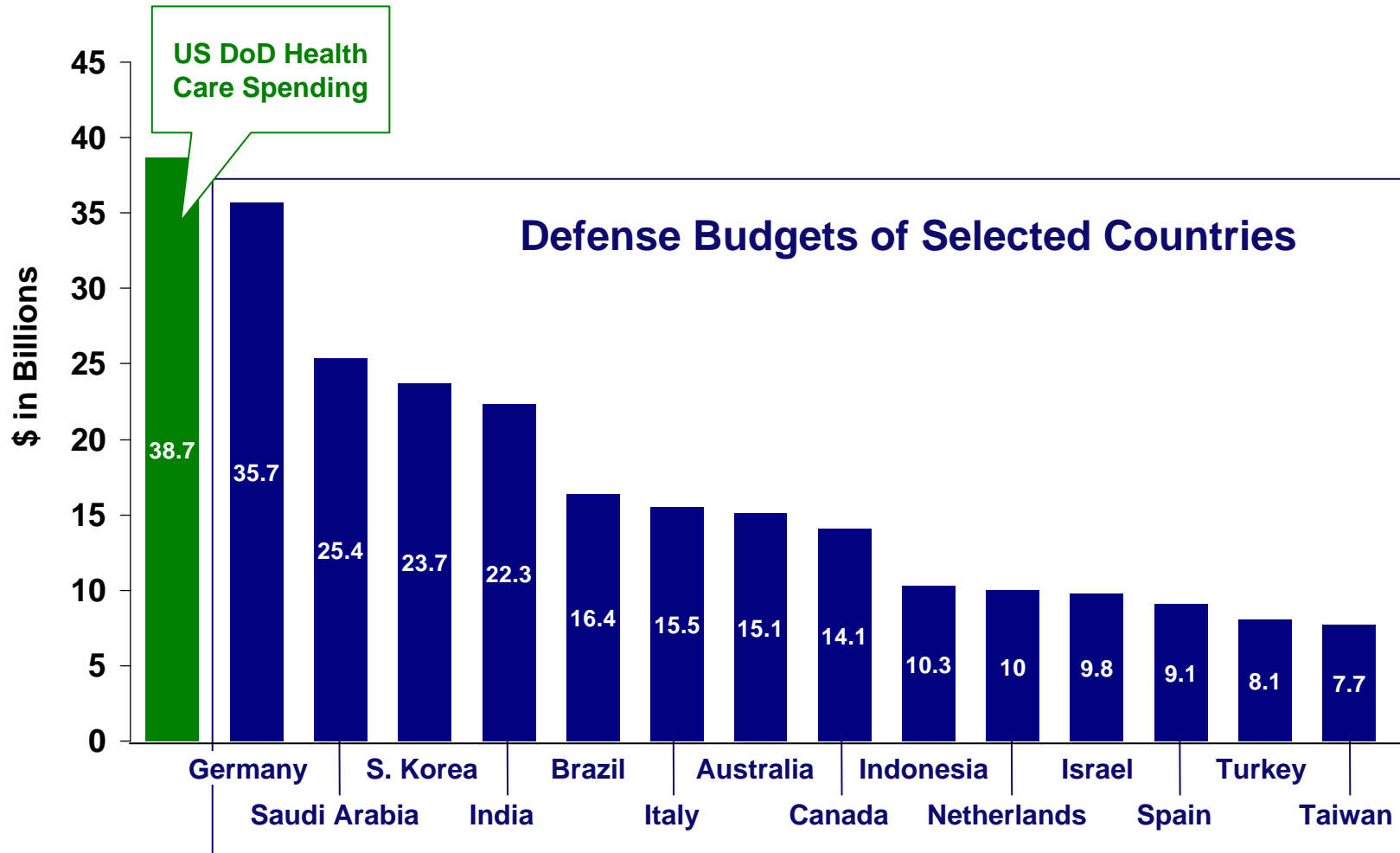
# ***Sustaining Military Health Care***

## **Department of Defense Health Care** (Current Dollars in Billions)



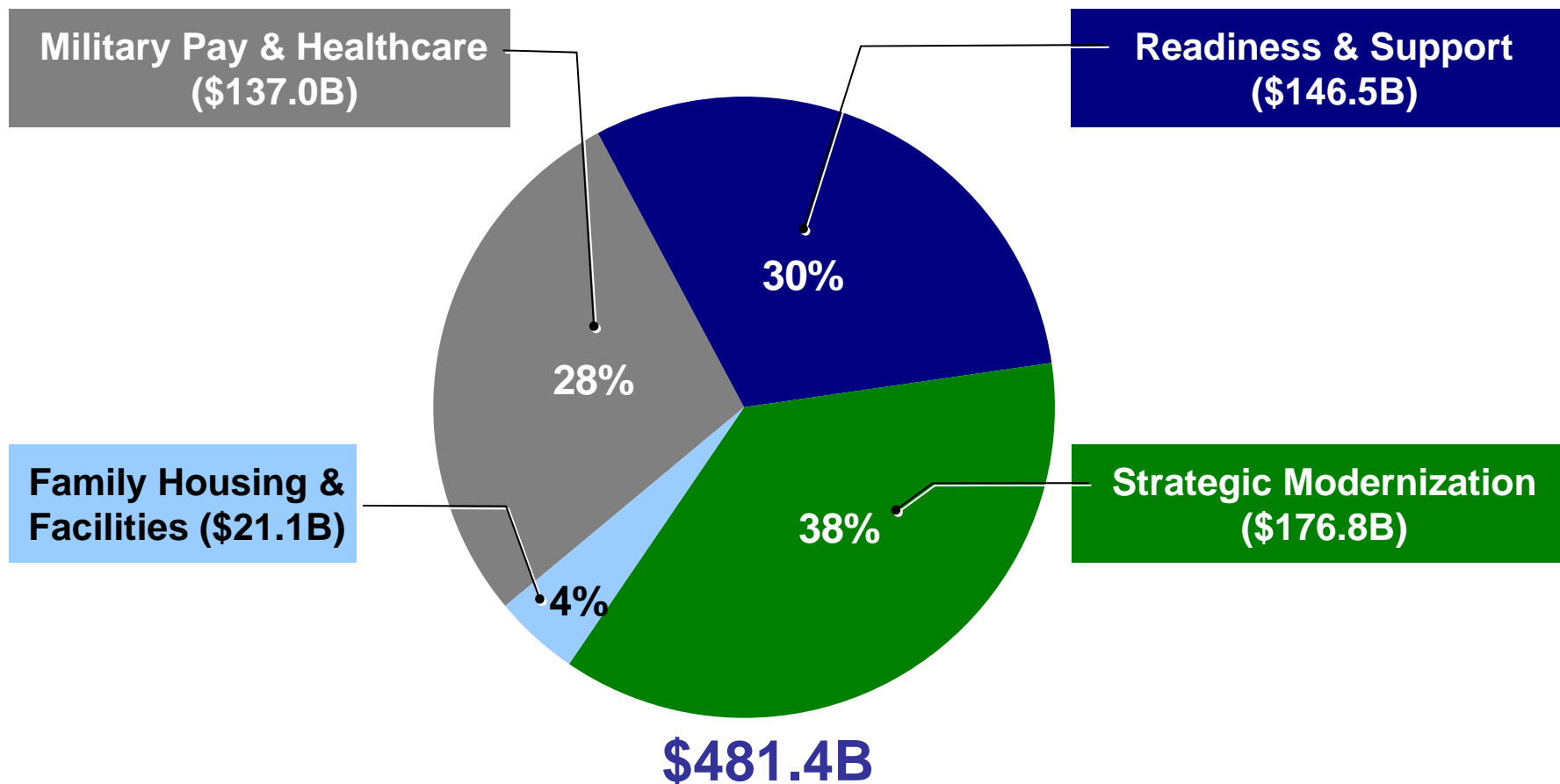
*Health Care is projected to be 12% of topline in 2015*

# Comparison: DoD Health Care Vs. Defense Spending



Source: Center for Arms Control and Non-Proliferation Data as of 2/05/2007

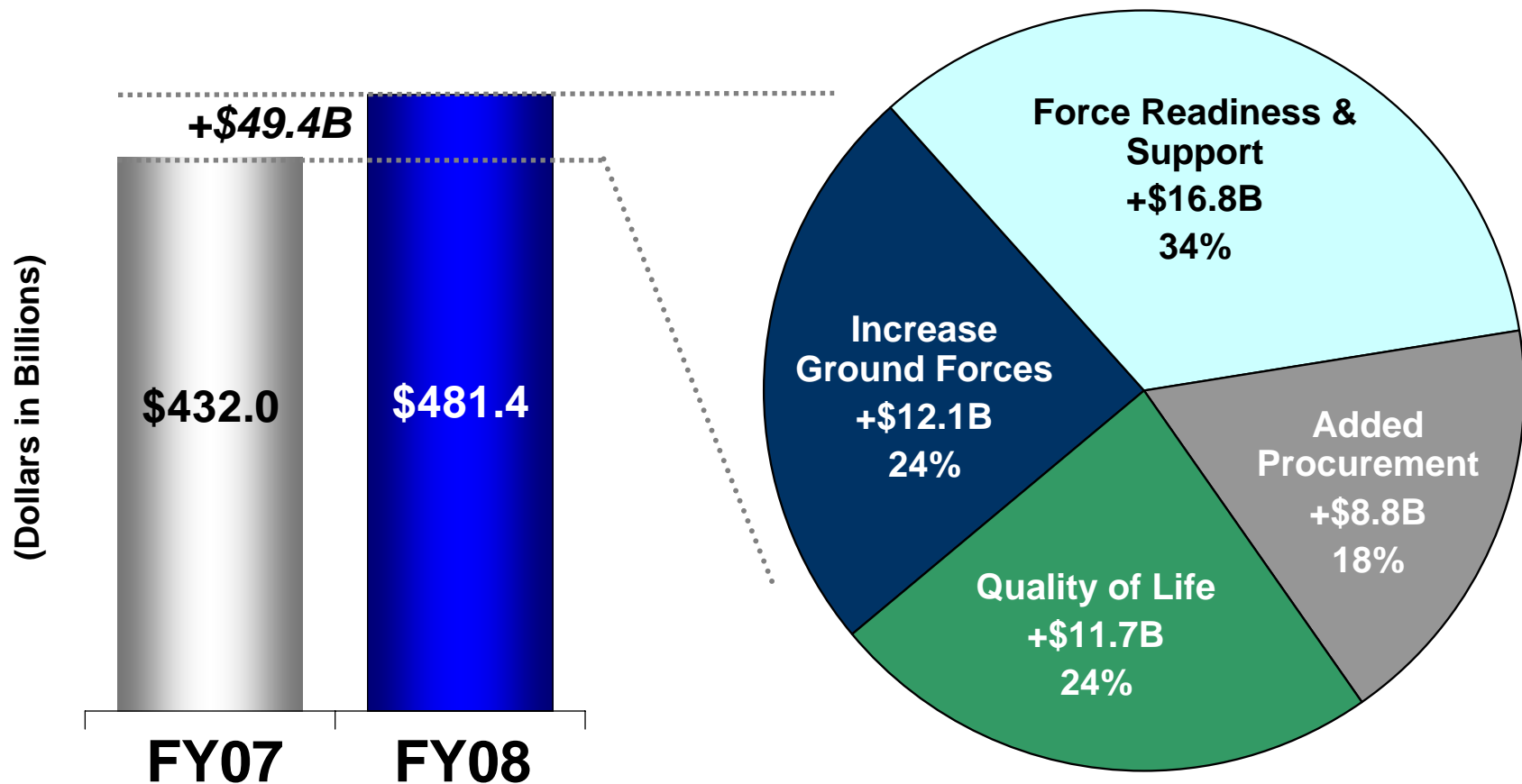
# ***FY 2008 Defense Budget***



Source: Defense Appropriation Act and Emergency Supplemental Appropriation FY 2007 and FY 2008 DoD Budget Request; FY06 Base Structure Report



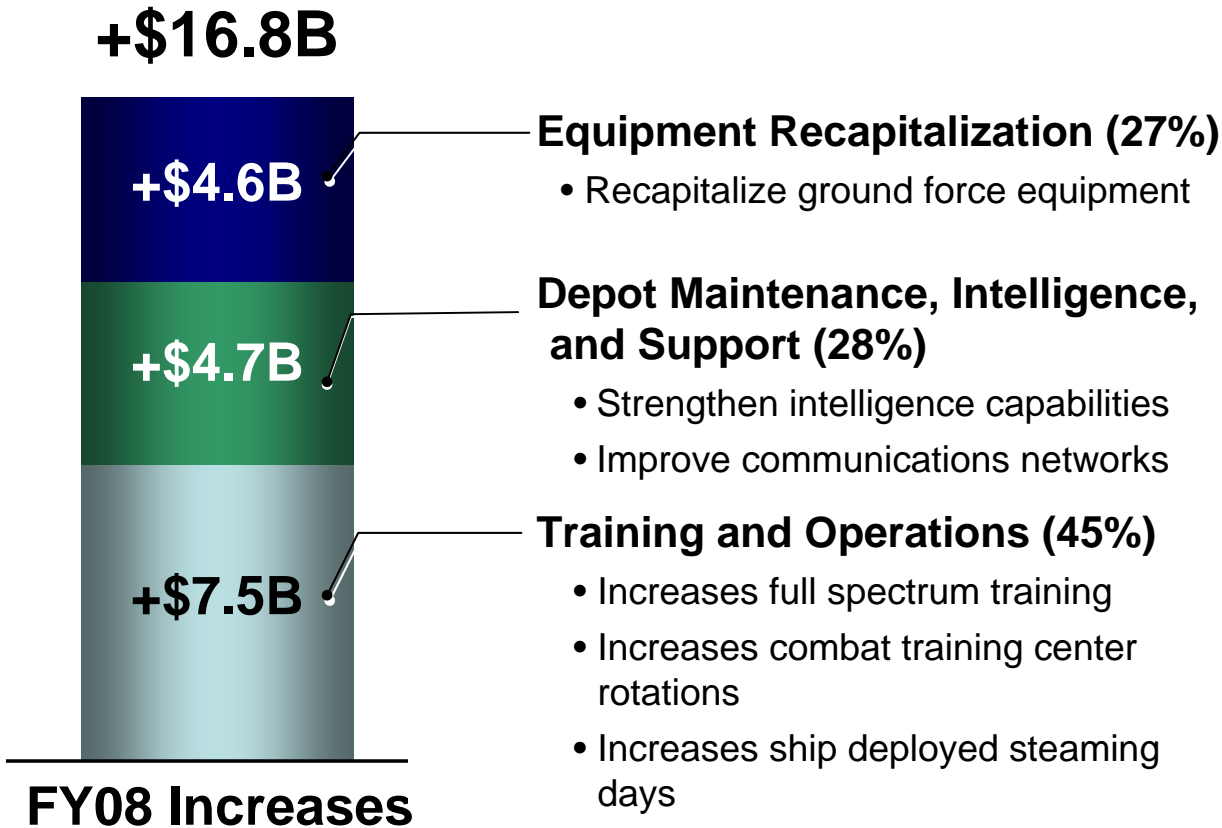
# FY 2008: Change from FY 2007



*Base Budget Increases by \$49.4B (+11.4%)  
Over Projected Enacted Level – Real Rate of Growth is 8.7%*

Source: Defense Appropriation Act and Emergency Supplemental Appropriation FY 2007 and FY 2008 DoD Budget Request

# Force Readiness & Support




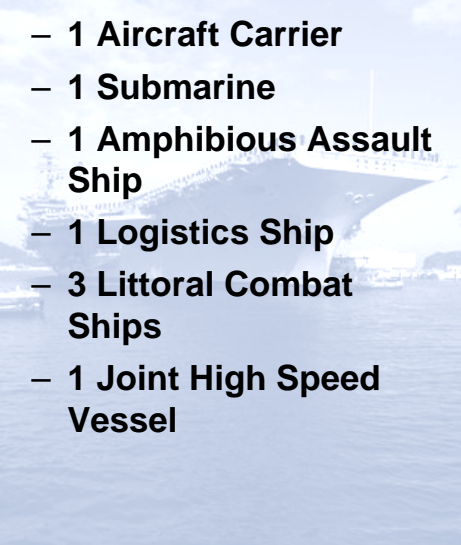
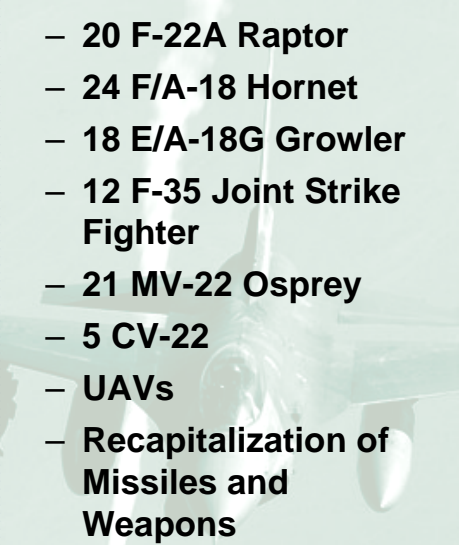

**+\$16.8B**  
FY08



# Added Procurement Dollars

**+\$8.8B**  
FY08

## KEY PROCUREMENT PROGRAMS:

Joint Ground Capabilities	Joint Maritime Capabilities	Joint Air Capabilities	Space-based Capabilities
 <ul style="list-style-type: none"><li>– Future Combat System:<ul style="list-style-type: none"><li>• Manned and unmanned vehicles</li><li>• Non-line of sight launch system</li><li>• Joint network</li></ul></li></ul>	 <ul style="list-style-type: none"><li>– 1 Aircraft Carrier</li><li>– 1 Submarine</li><li>– 1 Amphibious Assault Ship</li><li>– 1 Logistics Ship</li><li>– 3 Littoral Combat Ships</li><li>– 1 Joint High Speed Vessel</li></ul>	 <ul style="list-style-type: none"><li>– 20 F-22A Raptor</li><li>– 24 F/A-18 Hornet</li><li>– 18 E/A-18G Growler</li><li>– 12 F-35 Joint Strike Fighter</li><li>– 21 MV-22 Osprey</li><li>– 5 CV-22</li><li>– UAVs</li><li>– Recapitalization of Missiles and Weapons</li></ul>	 <ul style="list-style-type: none"><li>– Space-Based Infrared Systems</li><li>– Communications Satellites</li><li>– GPS satellites</li><li>– Advanced Extremely High Frequency Satellite</li><li>– Environmental Satellites</li><li>– Launch Vehicles</li></ul>



## Military Pay (+\$2.1B)

- 3.0% increase in FY08
- Up on Average 32% since 2001

**+\$11.7B**  
FY08

## Housing and Subsistence (+\$1.6B)

- Increases Basic Allowance for Housing 4.2%
- Continues No Out-of-Pocket Costs
- Continues to privatize family housing units (2,870 units)
  - Totaling 194K by the end of FY 2008

## Base Operation Support (+2.3B)

- Provide additional resources to address daily needs at camps, bases and stations worldwide

## Strategic Realignment (+\$5.7B)

- Implementation of BRAC 2005

## Health Care

- Sustains a Quality Healthcare System (\$38.7B)

Source: Military Homefront (<http://www.militaryhomefront.dod.mil/>)



- **Pay for enlisted E-6s (Sergeants) will increase by \$1,099 on average in FY 2008.**
- **Pay for O-3s (Air Force and Army Captains, Navy Lieutenants) will increase by \$1,657 on average in FY 2008.**

# Grow the Ground Forces

**+\$12.1B**  
FY08

## Army Current Baseline

### 42 Brigade Combat Teams

- **482.4K Soldiers**
- 1 year Home Station for 1 year Deployed

*Adds 65K Soldiers  
+6 Brigade Combat Teams*

## FY 2012 Goal

### 48 Brigade Combat Teams

- **547.4K Soldiers**
- 2 years Home Station for 1 year Deployed

## Marines

### 2.5 Marine Expeditionary Forces

- **175K Marines**
- 7 months Home Station for 7 months Deployed

*Adds 27K Marines  
Fills out 3<sup>rd</sup> Marine Expeditionary Force*

### 3 Marine Expeditionary Forces

- **202K Marines**
- 14 months Home Station for 7 months Deployed

Note: Number of BCTs in current state represent funded modular conversions, not force availability.

# ***FY 2008 Budget by Service***

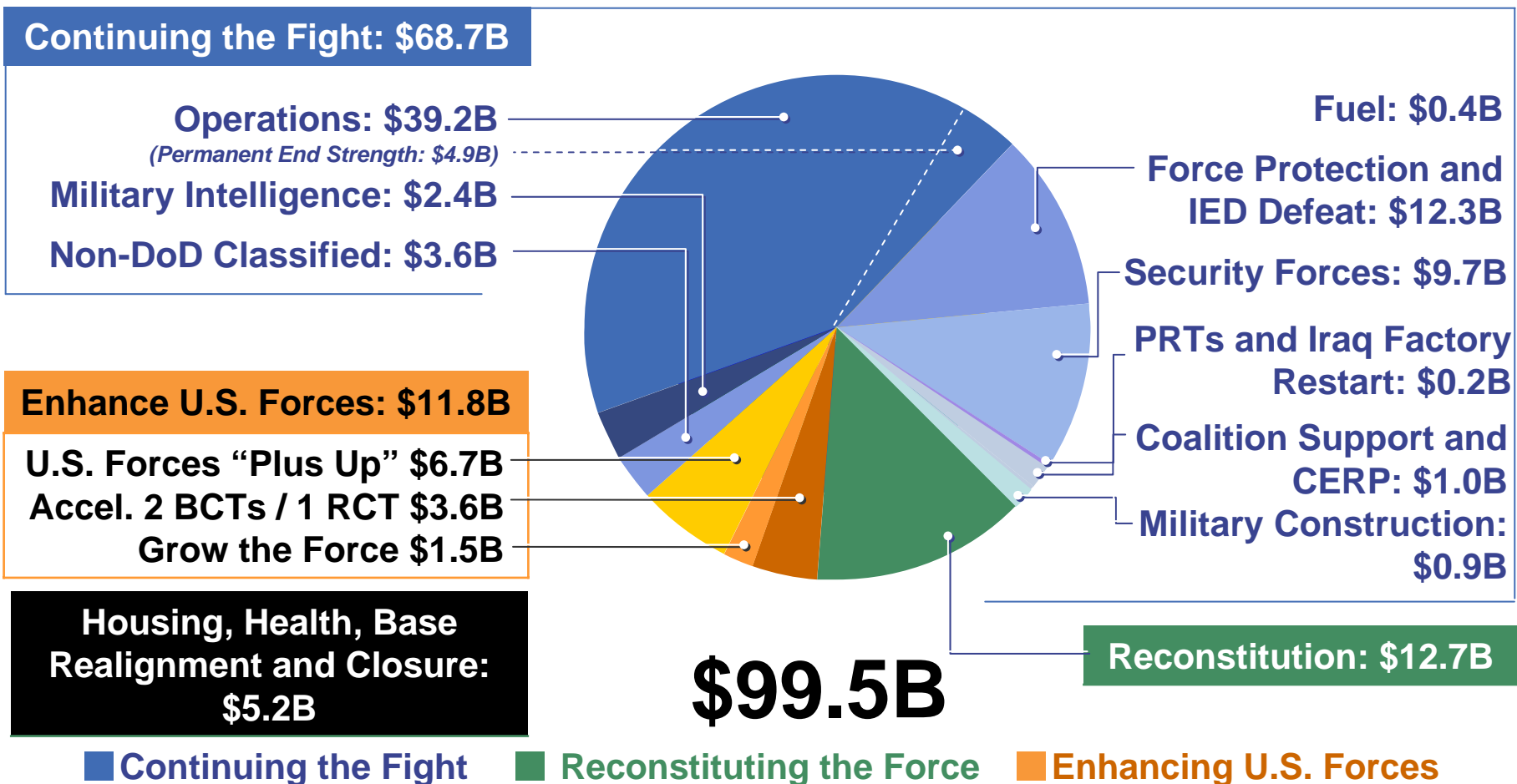
(Discretionary Budget Authority, Dollars in Billions)

	<b>FY07*</b>	<b>FY08</b>	<b>Increase</b>
<b>Army</b>	109.7	130.1	+20.4
<b>Navy</b>	110.2	119.3	+9.1
<b>Marine Corps</b>	16.2	20.5	+4.3
<b>Air Force</b>	128.3	136.6	+8.3
<b>Defense Wide</b>	70.7	74.9	+4.2
<b>BRAC</b>	<u>-3.1</u>	<u>N/A</u>	<u>+3.1</u>
<b>Total</b>	<b>432.0</b>	<b>481.4</b>	<b>+49.4</b>

\*Note: FY07 excludes Title IX and includes projected Military Construction/Quality of Life programs

# FY 2007 Emergency Supplemental

(Enacted: May 25, 2007)

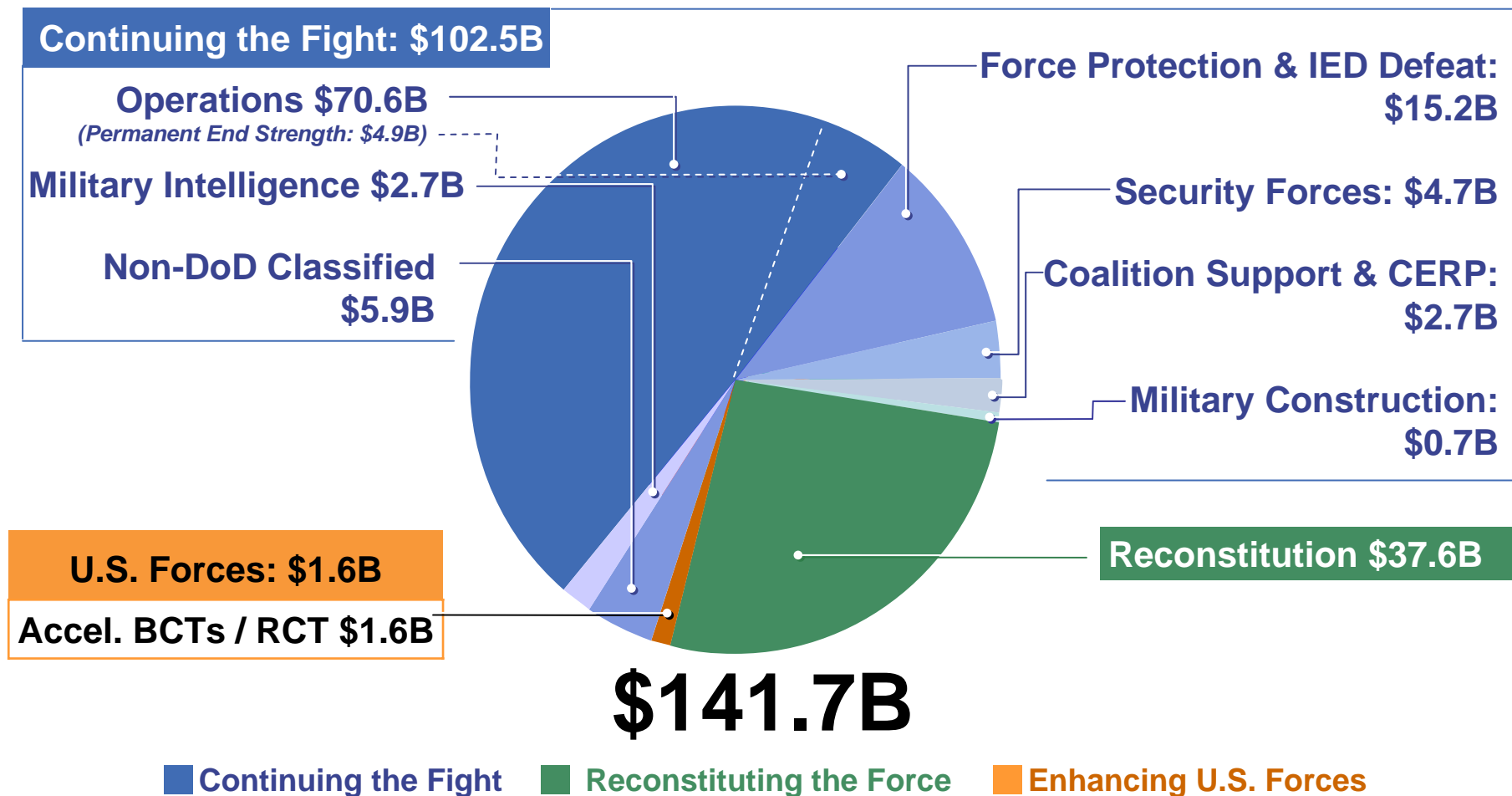


Source: Defense Appropriation Act and Emergency Supplemental Appropriation FY 2007 and FY 2008 DoD Budget Request

Note: Breakout by Functional Category is based on preliminary assessment and may change



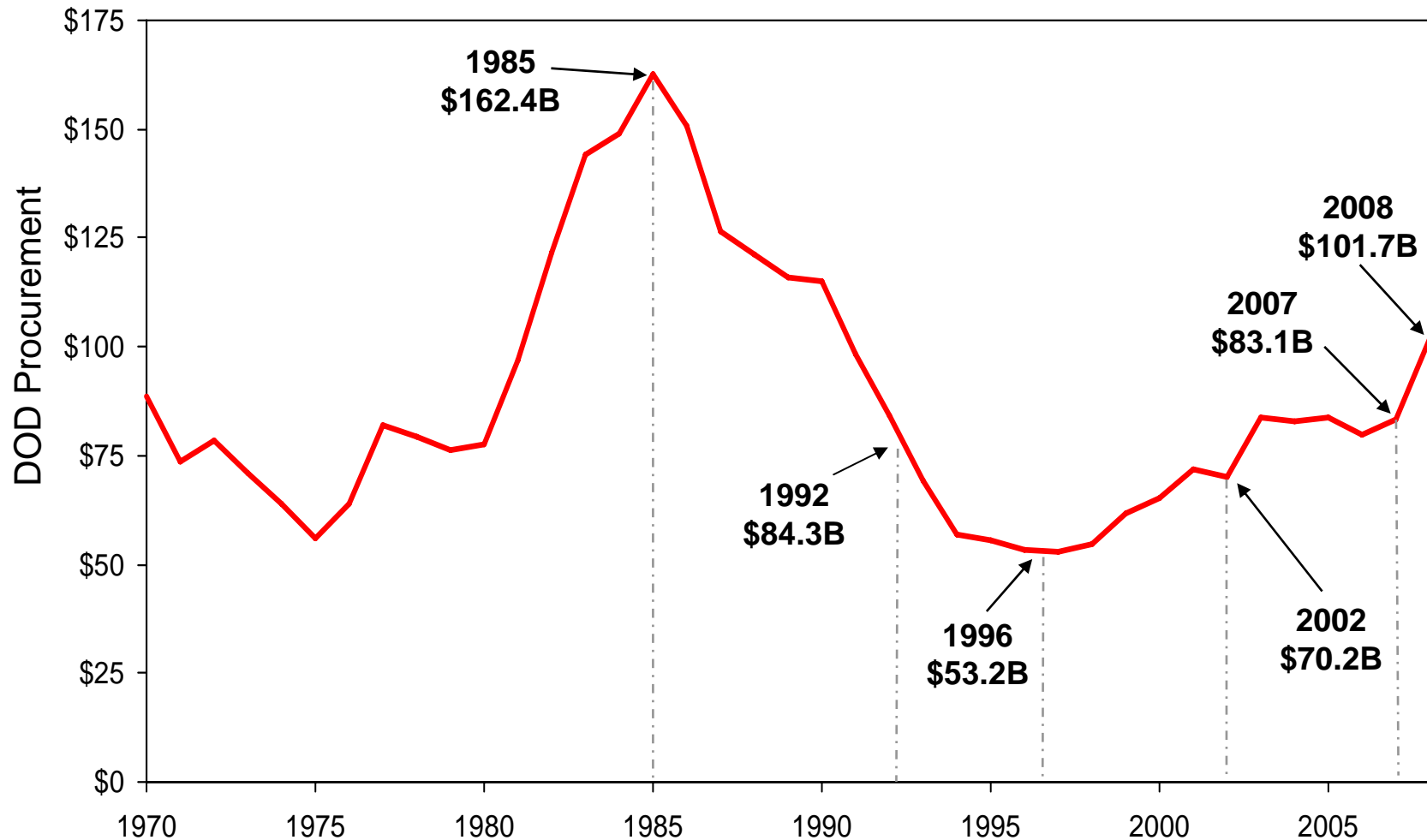
# FY 2008 GWOT Request



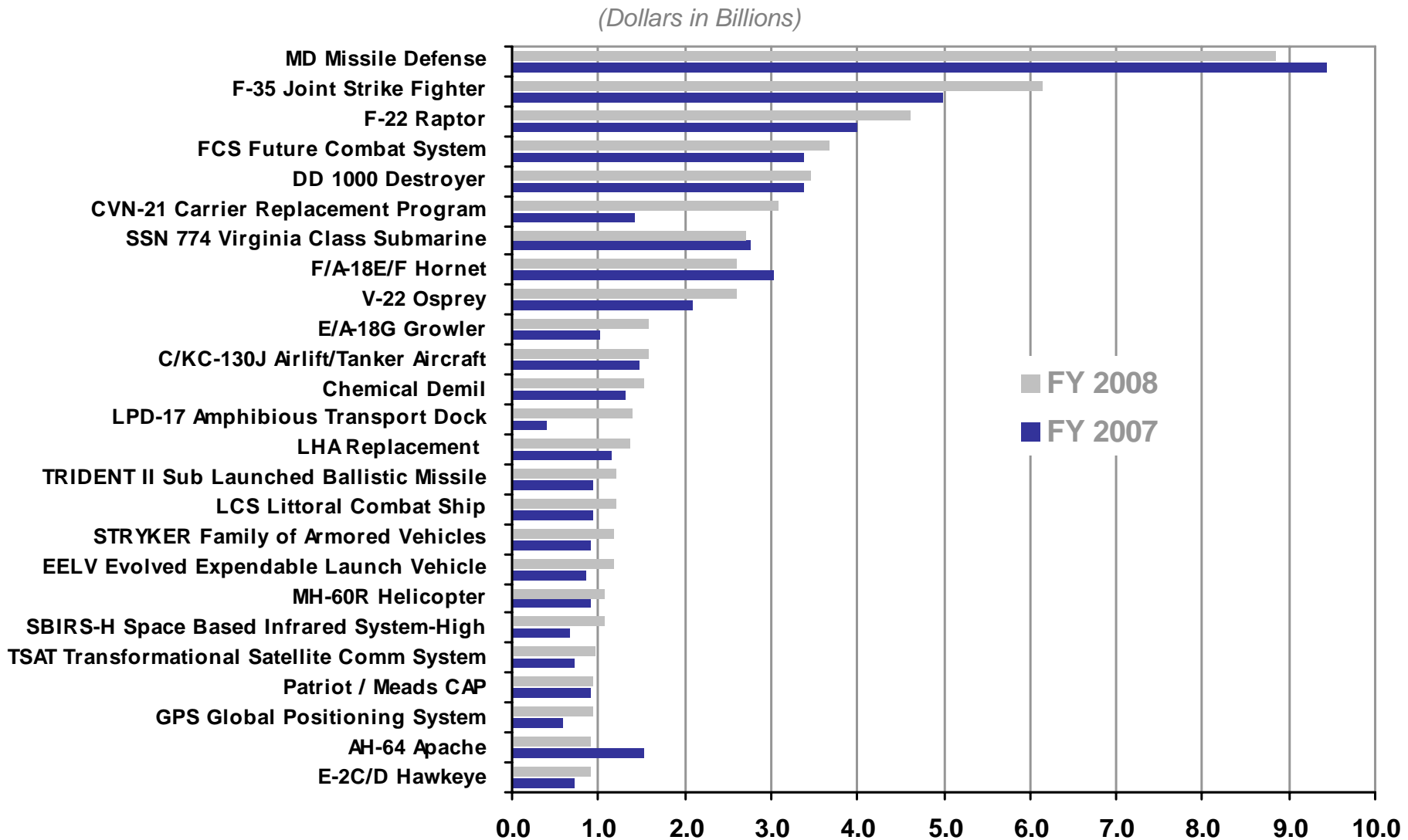
Source: Defense Appropriation Act and Emergency Supplemental Appropriation FY 2007 and FY 2008 DoD Budget Request

# Procurement over Time

(FY08 Constant Dollars Billions)



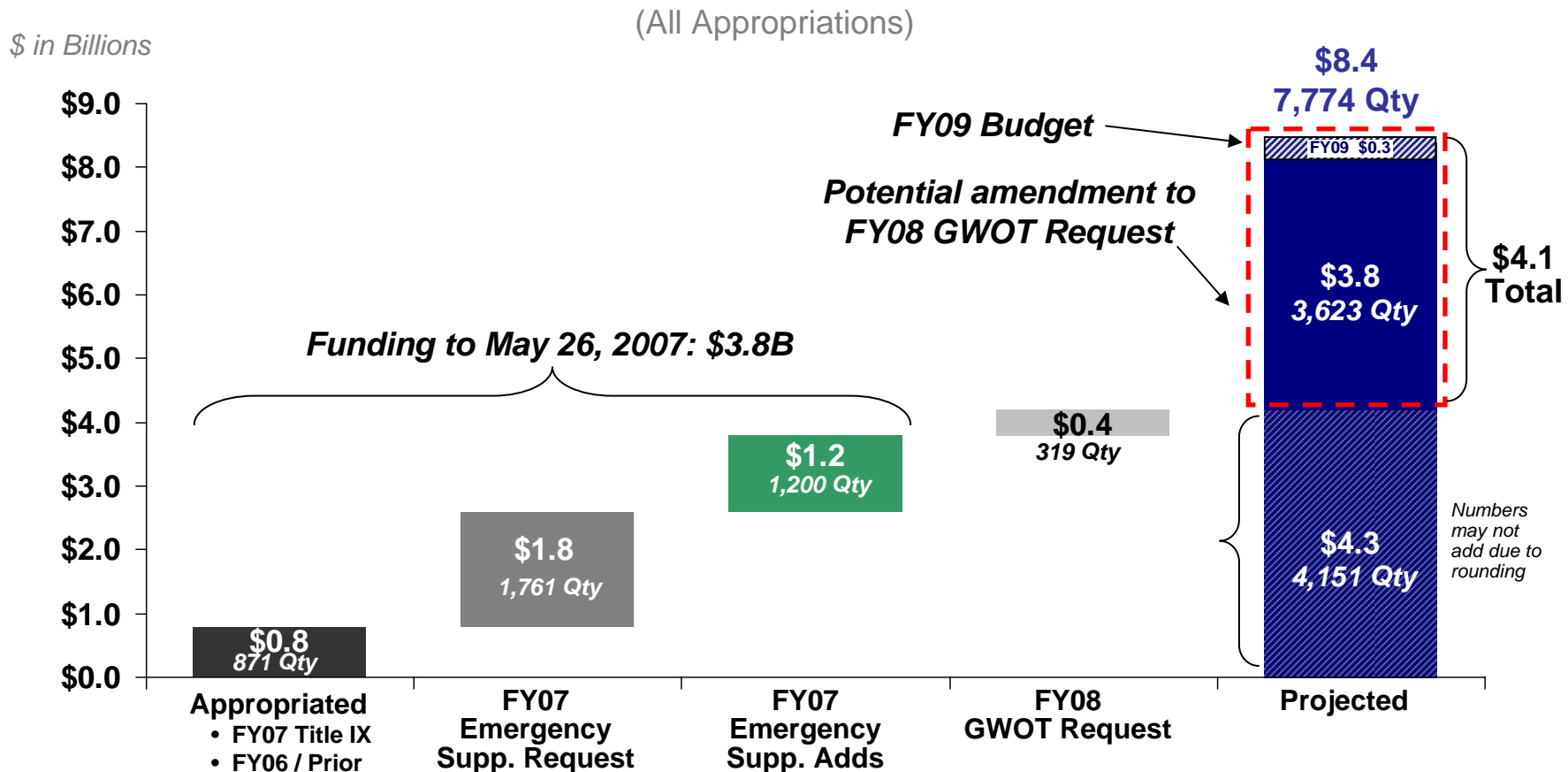
# Top 25 Investment Programs



Source: Program Acquisition Costs by Weapon System, DoD Budget for FY2008

Note: Excludes supplemental funding and funding for spares and facilities.

# Mine Resistant Ambush Protected Vehicle



Note: Funding requirements may continue to change based on quantity adjustments and anticipated contract awards.

Data as of 6/7/2007

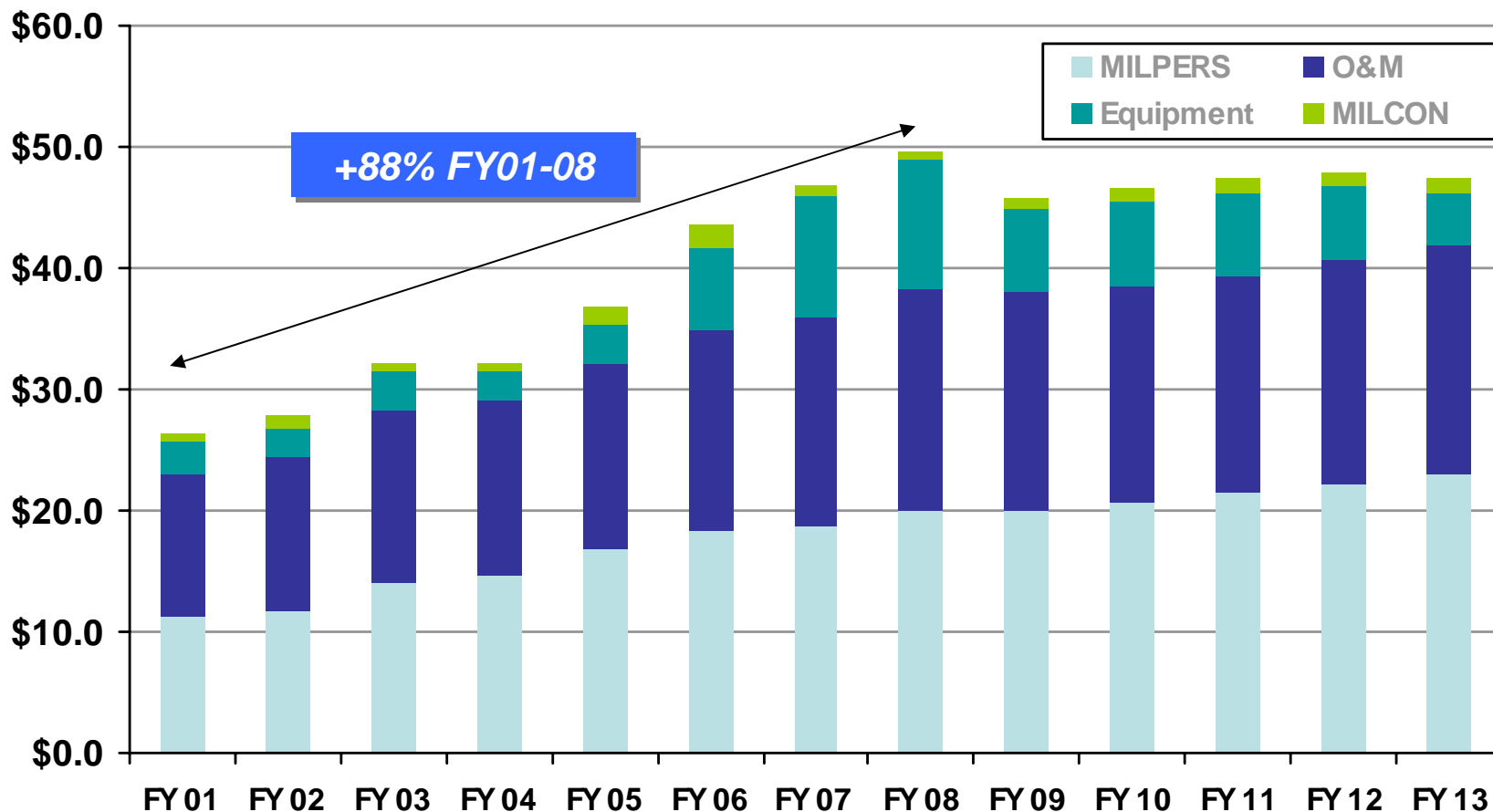
Sources: FY 2008 President's Budget Request; FY07 Emergency Supplemental Conference Report (4/24/07); MRAP Program Management Office



# Reserve Component (RC) Funding

**Reserve Component funding ~9% of DoD Total and has increased by ~88% from FY01 to FY08**

Dollars in Billions



Notes: Total Obligational Authority; FY01-FY08 include supplemental funding while out-years do not include GWOT funding.  
Source: Office of the Undersecretary of Defense (Comptroller)

# ***Average Age of Aircraft***

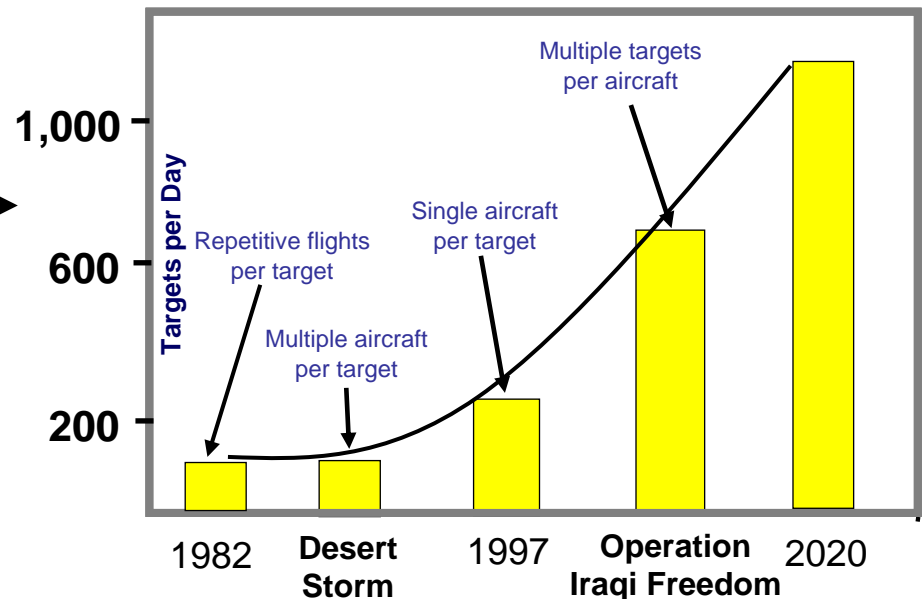
<b>TACAIR (fighters)</b>	<b>20 years</b>
<b>Tankers</b>	<b>43 years</b>
<b>Strategic Airlift (C-5/ C-17)</b>	<b>15 years</b>
<b>Tactical Airlift (C-130)</b>	<b>26 years</b>
<b>All Bombers:</b>	<b>32 Years</b>
<b>B-1</b>	<b>20 years</b>
<b>B-2</b>	<b>13 years</b>
<b>B-52</b>	<b>45 years</b>

# Equipment Numbers Capability (Navy Illustration)

Number of carriers  
and air wings down

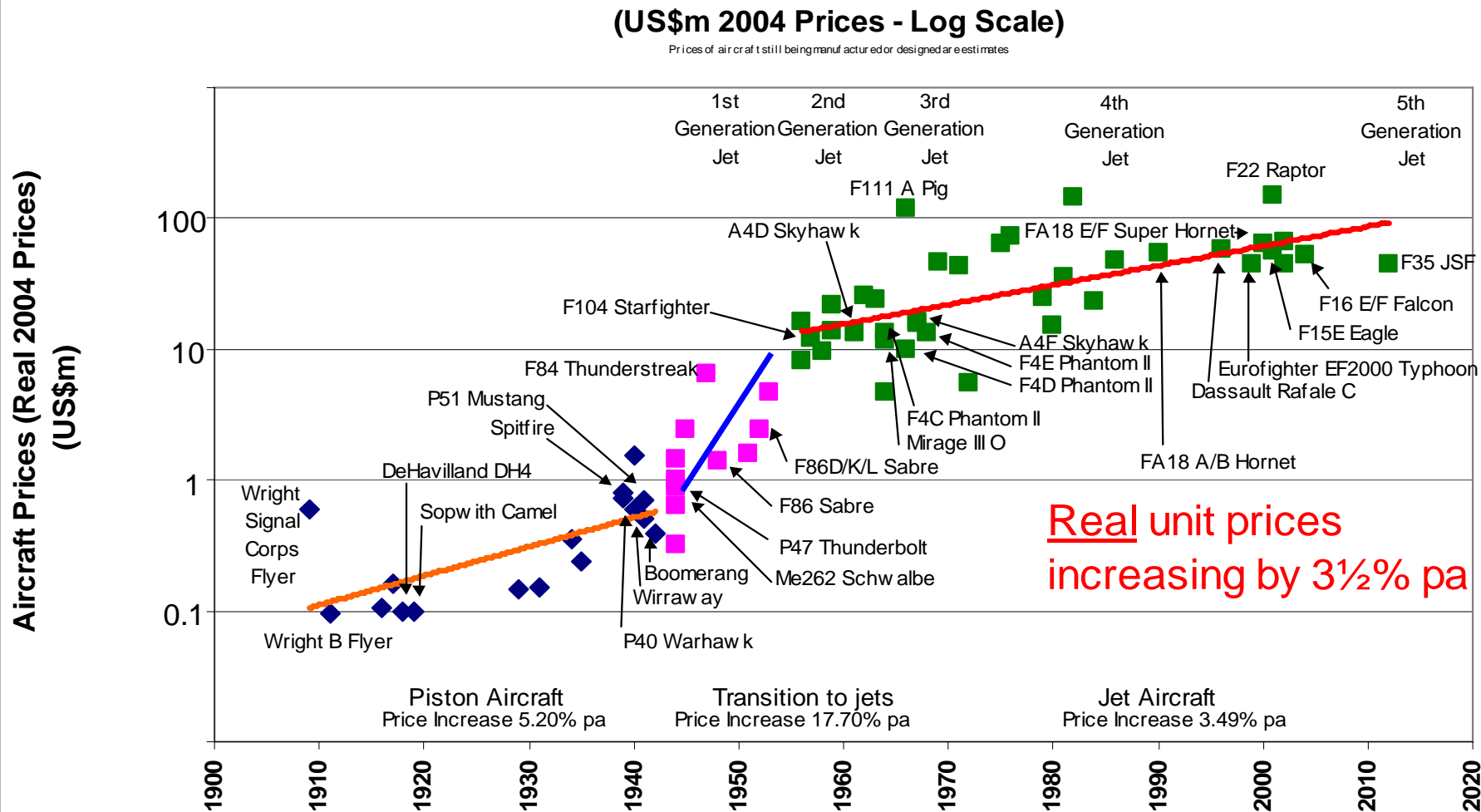
Number of targets  
per carrier per day up

	<u>1990</u>	<u>2002</u>	<u>2007</u>
Carriers	16	12	11
Carrier Air Wings	15	11	11
<hr/>			
Surface Combatants	203	116	106
Attack Submarines	93	54	52



# Aircraft: Real Unit Prices 1900-2020

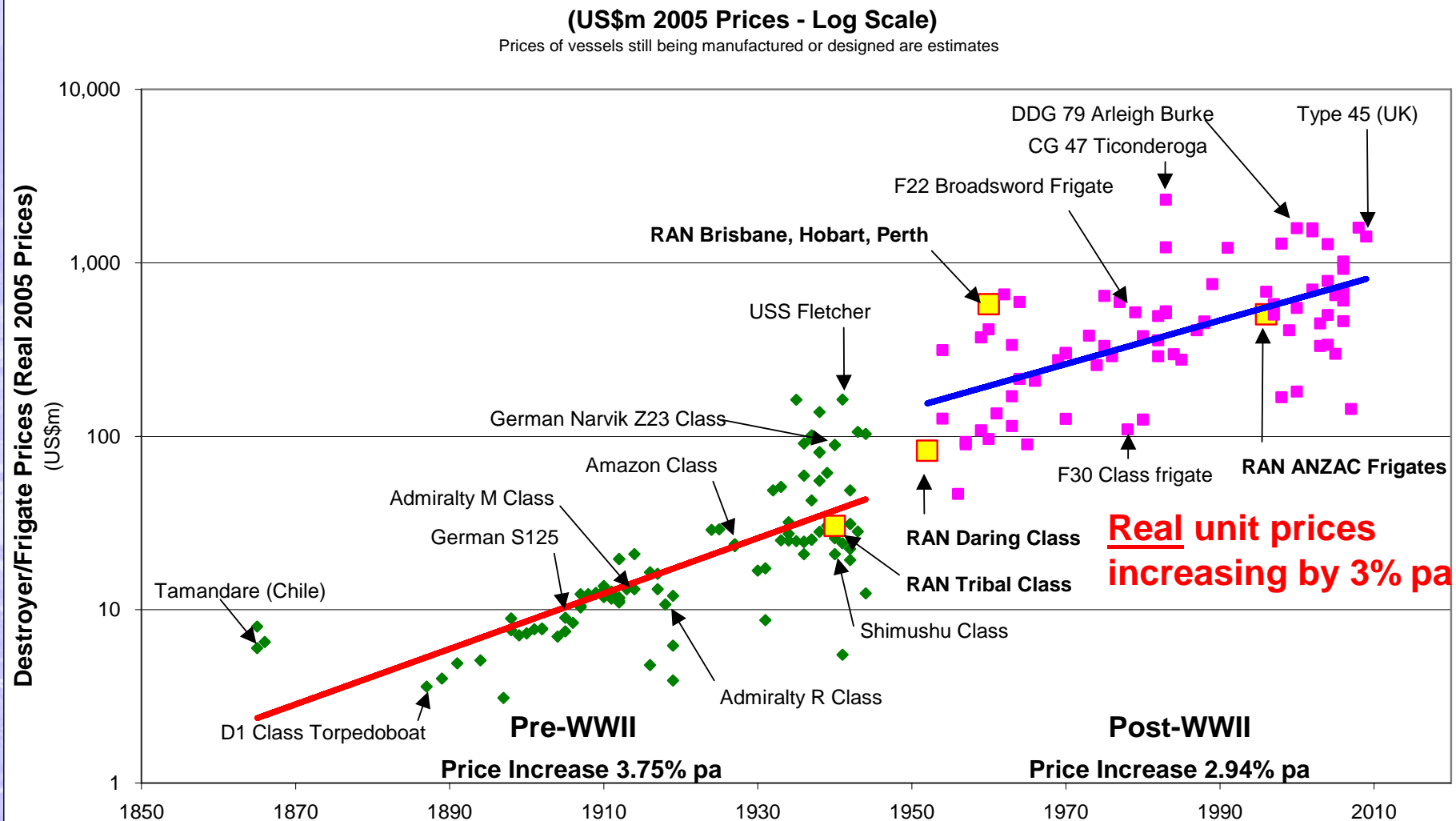
Copyright Defence Materiel Organisation, Australia 2005





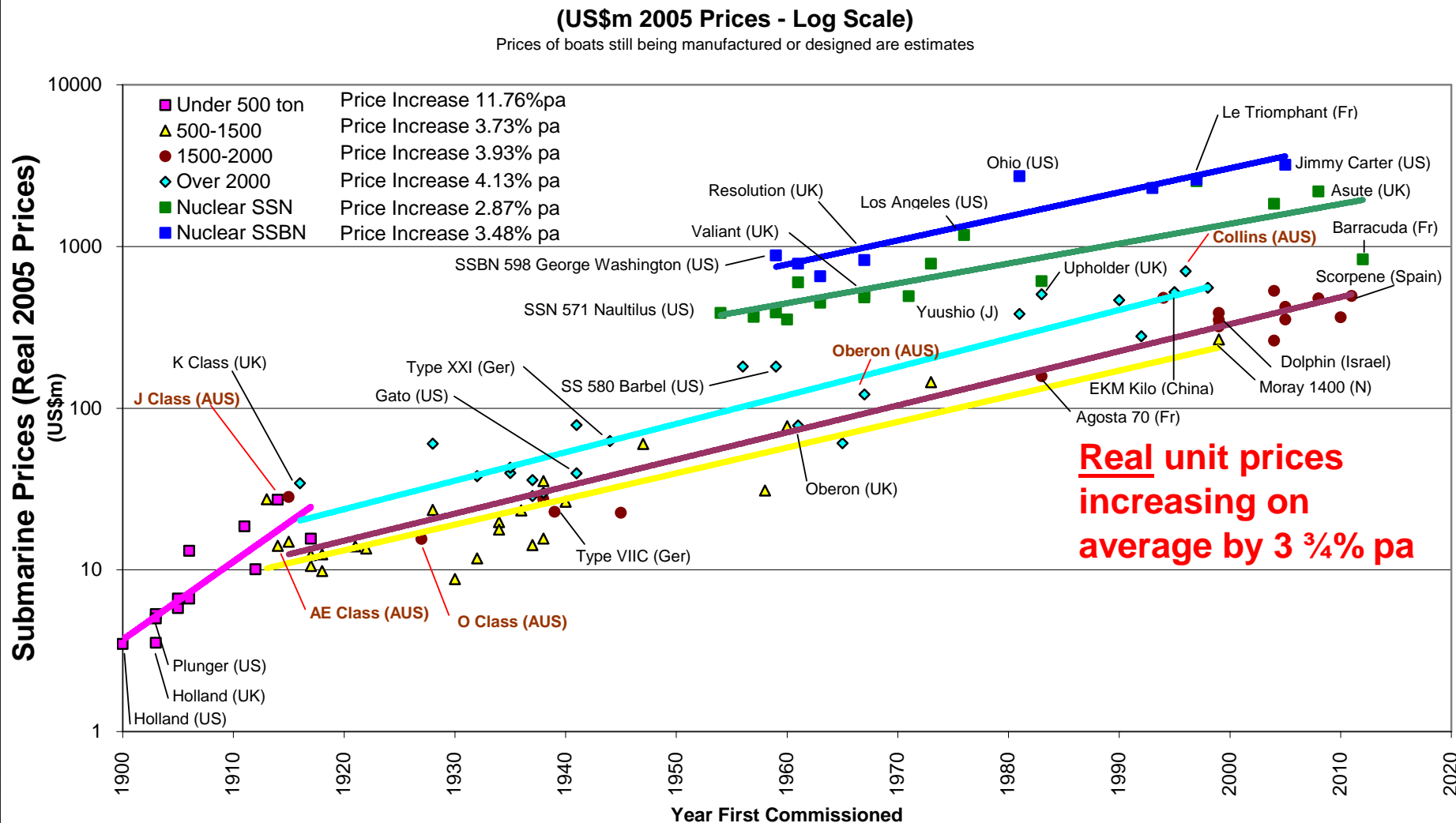
# Destroyer/ Frigate Real Unit Prices 1850-2020

Copyright Department of Defence, Defence Materiel Organisation, Australia, 2005

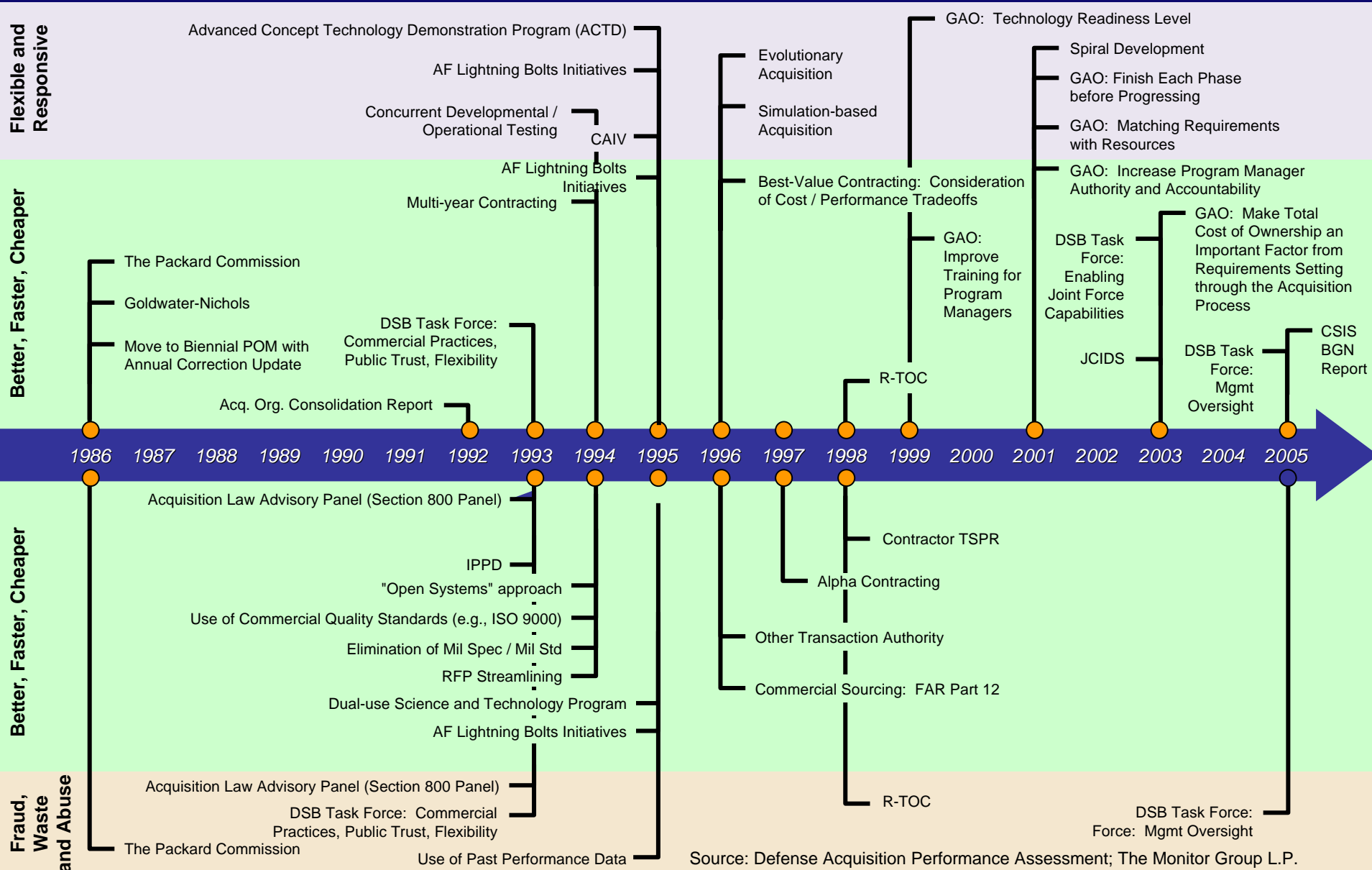


# Submarines: Real Unit Prices 1900-2010

Copyright Department of Defence, Australia, 2005



# Key Acquisition Reform Initiatives



# *Approaching one of the Longest Up ramps in Defense Spending in U.S. History...*

## Defense Outlays

1797-1800	4 years	1902-1904	2 years
1804-1814	10 years	1907-1919	12 years
<b>1822-1837</b>	<b>16 years</b>	1926-1931	6 years
1843-1847	5 years	1934-1945	12 years
1852-1858	7 years	1948-1953	6 years
1860-1865	6 years	1956-1969	13 years
1871-1874	4 years	<b>1976-1989</b>	<b>14 years</b>
1880-1883	4 years	<b>1996-2009??</b>	<b>14 and counting</b>
<b>1886-1899</b>	<b>14 years</b>		

Source: Center for Strategic and International Studies